



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/21/2002

GAIN Report #MX2075

Mexico

Sugar

Imported U.S. HFCS Compensatory Duties Lifted 2002

Approved by:
William L. Brant
U.S. Embassy Mexico
Prepared by:
Dulce Flores

Report Highlights:

On May 20, 2002, the Secretariat of Economy published in the "*Diario Oficial*" (Federal Register) the Government of Mexico's resolution to comply with the NAFTA Binational Panel's final decision of April 15, 2002 to lift antidumping duties on U.S. high fructose corn syrup (HFCS) imports.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Introduction: This report summarizes a resolution on the U.S. HFCS antidumping case, published in Mexico's "*Diario Oficial*" (Federal Register) on May 20, 2002.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications, for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary: The Secretariat of Economy (SE) published on May 20, 2002, in the "*Diario Oficial*" (Federal Register) the resolution to comply with the NAFTA Binational Panel's final decision of April 15, 2002 (see report MX2067) to lift the antidumping duties on U.S. high fructose corn syrup (HFCS) imports, which have been in effect since 1998. Accordingly, the Secretariat of Treasury, will proceed to return the compensatory duties, including interest, that were collected for U.S. HFCS imports. The main companies that will be compensated are A.E. Staley Manufacturing Company, Archer Daniels Manufacturing Company, Cargill Incorporated, and CPC International Incorporated. The H.T.S. codes of the affected products are: 1702.4099, 1702.5001, 1702.6001, 1702.6002, and 1702.6099.

Title: Resolution to Comply with the NAFTA Binational Panel's Final Decision of April 15, 2002, case MEX-USA-98-1904-01, on the U.S. HFCS antidumping case.

Type of Regulation: Final

Important Dates

- 1. Publication Date:** May 20, 2002
- 2. Effective Date:** May 21, 2002

Products Affected: U.S. High Fructose Corn Syrup

Agency in Charge: Secretariat of Economy

Additional Information: The compensatory duties that are revoked are the ones that were imposed in the following resolutions published in the "*Diario Oficial*": January 23, 1998; September 8 & 30, 1998; September 18, 2000; September 20, 2000; and November 28, 2001.

On April 22, 2002, SE announced in the *Diario Oficial* that it was establishing a new tariff rate quota (TRQ) for U.S. HFCS imports. In-quota HFCS imports are to be limited to 148,000 MT, while out-of-quota imports are to be subject to a 210 percent duty, the maximum allowable rate under the WTO. Before taking such a measure, the Government of Mexico decided to reclassify the trading status of the United States in sweeteners trade only -- from NAFTA preferential trading partner to WTO MFN (Report MX 2059). Since the SE announcement on the HFCS quota did not specify if HFCS was on a dry or wet basis, SE has yet to publish a clarification.

Trade Concerns: The industry indicates that the lifting of the antidumping duties is not resolving their trade and production concerns. The Mexican soft drink industry, which

constitutes 50 percent of all HFCS used in Mexico, is still not buying HFCS due to uncertainties in the market. The issue of the 20-percent tax on sales of soft drinks and beverages that use any sweetener other than sugar from cane is still pending. Although this tax was lifted temporarily until September 30, 2002, as reported (see report MX2036), production and trade of HFCS and U.S. corn imports for HFCS production have not returned to what they were before the announcement of this tax. U.S. HFCS exports to Mexico are down approximately 50 percent (October - February), compared to the same period last year.

Background Information: The table below summarizes the prior actions related to this Resolution.

DATE	TITLE OF REPORT	FAS Rpt#
01/23/98	Mexican HFCS Compensatory Duties Ratified	MX8005
02/23/98	Evasion of Duties on Imported HFCS-55 Investigation	MX8019
03/25/98	Creation of HFCS Tariff Lines	MX8031
09/14/98	Compensatory Duties for U.S. HFCS Imports	MX8104
10/01/98	Mexico Clarifies Compensatory Duties for U.S. HFCS Imports	MX8115
05/16/00	Mexico to Revise its Final Antidumping Resolution on U.S. High Fructose Corn Syrup	MX0075
09/21/00	Revised Final Resolution of the Antidumping Investigation on Imported HFCS	MX0140
09/20/01	Initiative to Ban U.S. Fructose Imports	MX1167
10/12/01	Modification of HFCS Import Duties	MX1182
10/12/01	Announcement on U.S. HFCS Antidumping Case	MX1185
11/28/01	Reevaluation of HFCS Antidumping Case	MX1186
01/04/02	New Tax for Beverages Containing HFCS	MX2002
01/29/02	New Requirement to Import U.S. HFCS	MX2013
03/05/02	Tax Lifted for Beverages Containing HFCS	MX2036
04/22/02	New Tariff Rate Quota Established for HFCS	MX2059
05/08/02	Announcement on HFCS Antidumping Case	MX2067

For More Information:

Fax: 011-52-5080-2130

Email: AgMexico@fas.usda.gov

Internet Connections

FAS Mexico Web Site: We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.